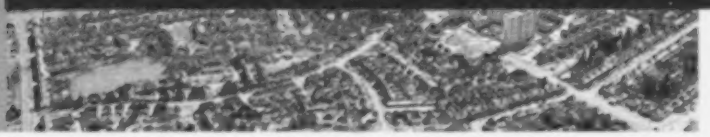
HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK

Québec Region Highlights



Canada Mortgage and Housing Corporation

Date Released: First Quarter 2009

QUEBEC HOUSING STARTS TO ACHIEVE 40,700 IN 2009

Figure 1

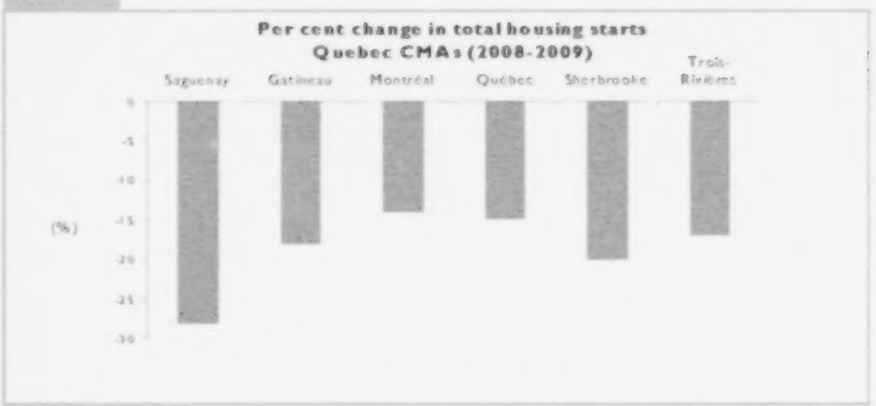
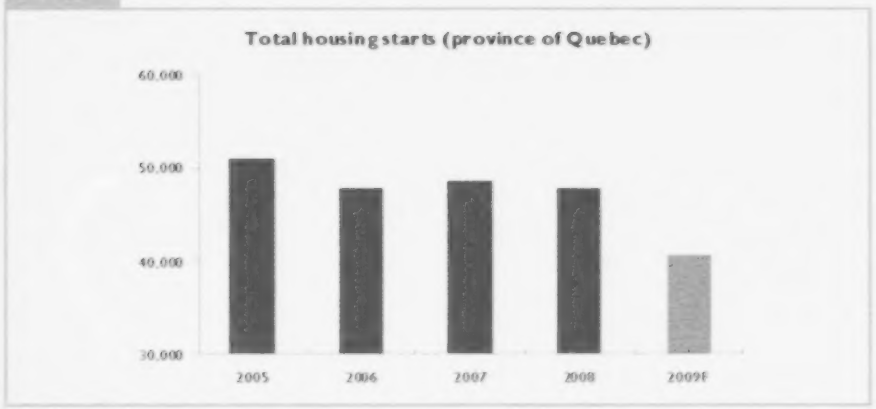


Figure 2



Total housing starts in Quebec shall achieve 40,700 units in 2009 and 40,500 in 2010.

A weaker economic context, combined with increased supply in certain housing market segments, will play major role.

Approximately 17,000 single starts are expected in 2009 and 16,500 in 2010.

Starts of multi-family homes will cool to 23,700 units in 2009, but will increase to 24,000 units in 2010.

Sales of existing homes will decline in 2009, but will remain at a high level.

The Multiple Listing Service (MLS) will record approximately 73,000 sales in 2009 and 80,000 in 2010.

Lower sales and rising inventories will continue to take pressure off prices. Cooling demand should rule out price growth in 2009.

Canada

CMHC SCHL

HOME TO CANADIANS

According to the latest forecasts conducted by Canada Mortgage and Housing Corporation (CMHC), total housing starts in Quebec shall achieve 40,700 units in 2009 and 40,500 in 2010.

A weaker economic context, combined with increased supply in certain housing market segments, will dominate demographic and interest rate conditions. This, in turn, will cause housing demand to decline in 2009 pushing starts lower to the 40,000 level. Sales of existing homes will decrease by approximately 8.1 per cent.

The province's economy, whose recent growth has stemmed from domestic consumption and public investment, is showing signs of slowing. While public spending on infrastructure projects should increase, household spending will likely moderate as a result of a softer labour market and lower disposable income growth. Private investment will also slow as financial constraints continue. Finally, the outlook for exports remains unchanged because the benefits of a weakening dollar will be offset by decreased global demand. We thus expect the Quebec economy to recede by 0.6 per cent in 2009, while job growth registers a similar result, a decline of 0.5 per cent. In 2010, the economy will grow by 1.3 per cent while job growth will increase by 0.4 per cent.

Despite the weaker economic context, the province's demographic outlook will stimulate housing demand in some market segments. The Provincial Government's higher immigration targets (55,000 by 2010) have already been observed and will continue to push up net migration in the coming years. Meanwhile, population aging will continue to fuel demand for apartments.

Single Starts

Starts in this segment will be especially affected by the economic and financial environment, as well as the recently rising supply of resale homes. Approximately 17,000 starts are expected in 2009 and 16,500 in 2010.

Multiple Starts

After several years of vigorous construction of retirement homes and condominiums, starts of multi-family homes will cool to 23,700 units in 2009, but will increase to 24,000 units in 2010.

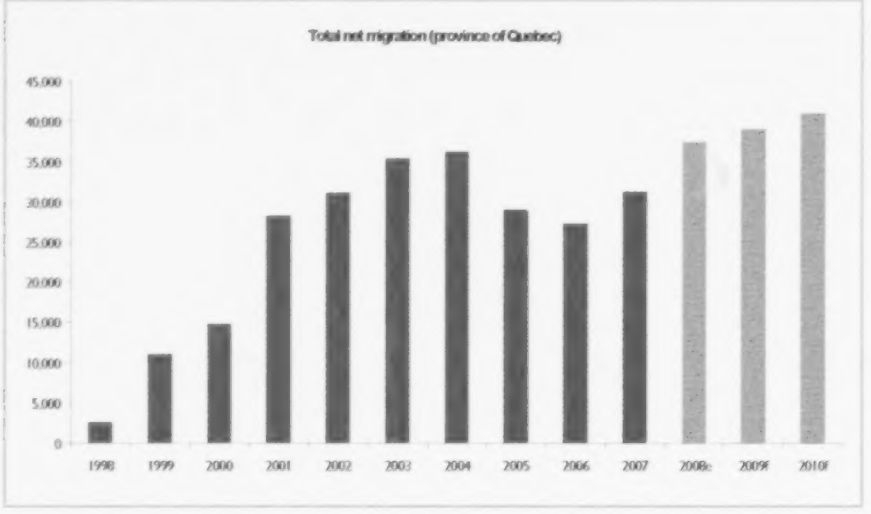
Resales

Sales of existing homes will decline in 2009, but will remain at a high level. Demand for condominiums (town houses or apartments) will remain an important component. The Multiple Listing Service (MLS) will record approximately 73,000 sales in 2009 and 80,000 in 2010.

Prices

Lower sales and rising inventories will continue to take pressure off prices. Cooling demand should rule out price growth in 2009. As a result, the MLS average resale price will fall by 1.8 per cent to $207,000 in 2009 while 2010 will see an increase of 0.5 per cent to $208,000.

Figure 3



Quebec Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA (%)	Unemp. Rate SA (%)	Average Weekly Earnings ($)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales[2]	MLS® Average Price ($)[2]
Gatineau	Q4 2008	0.4	4.4	864.26	Q4 2008	981	351	630	621	194,930
	Q4 2007	4.1	4.5	811.25	Q4 2007	512	266	246	857	185,913
	Change[1]	-3.8	-0.1	6.5%	% Change	91.6	32.0	156.1	-27.5	4.9
Montréal	Q4 2008	-0.4	7.5	740.36	Q4 2008	5,331	1,377	3,954	13,198	269,820
	Q4 2007	1.6	7.0	704.74	Q4 2007	5,160	1,985	3,175	13,617	259,614
	Change[1]	-1.9	0.5	5.1%	% Change	3.3	-30.6	24.5	-3.1	3.9
Québec	Q4 2008	1.2	3.9	748.79	Q4 2008	1,428	470	958	1,965	187,876
	Q4 2007	5.4	5.4	717.00	Q4 2007	1,284	411	873	2,132	170,582
	Change[1]	-4.2	-1.5	4.4%	% Change	11.2	14.4	9.7	-7.8	10.1
Saguenay	Q4 2008	1.9	7.7	717.70	Q4 2008	170	83	87	416	145,297
	Q4 2007	2.5	8.3	687.10	Q4 2007	129	90	39	437	130,599
	Change[1]	-0.6	-0.6	4.5%	% Change	31.8	-7.8	123.1	-4.8	11.3
Sherbrooke	Q4 2008	-2.7	6.7	707.45	Q4 2008	602	222	380	42	180,844
	Q4 2007	4.7	6.2	664.96	Q4 2007	309	184	125	389	182,011
	Change[1]	-7.4	0.5	6.4%	% Change	94.8	20.7	204.0	-89.2	-0.6
Trois Rivières	Q4 2008	-4.4	6.5	676.60	Q4 2008	374	87	287	300	132,464
	Q4 2007	6.0	7.0	663.31	Q4 2007	466	139	327	260	122,295
	Change[1]	-10.5	-0.5	2.0%	% Change	-19.7	-37.4	-12.2	15.4	8.3
Quebec	December 08	0.0	7.3	722.93	Q4 2008	12,730	4,629	8,101	13,861	$211,135
	December 07	2.4	7.0	696.21	Q4 2007	10,730	4,824	5,906	17,538	211,087
	Change[1]	-2.5	0.3	3.8%	% Change	18.6	-4.0	37.2	-21.0	0.0
Canada	December 08	0.5	6.6	795.92	Q4 2008	47,067	20,882	26,185	67,658	$281,112
	December 07	2.2	5.9	764.99	Q4 2007	55,174	28,849	26,325	102,262	312,738
	Change[1]	-1.7	0.7	4.0%	% Change	-14.7	-27.6	-0.5	-33.8	-10.1

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

[1]Changes to the Unemployment Rate and Employment Growth represent the ***absolute*** difference between current rates and the rates for the same period in the previous year.

[2]For the average MLS® price, the figure for the CMAs corresponds to the trend for the last four quarters, except in the case of Montréal. Also, the figure corresponds to the average price of freehold homes in the case of Montréal, Saguenay and Trois-Rivières and to the average price of all homes in the case of Gatineau, Québec and Sherbrooke.

Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA, Local Real Estate Boards

"SA" means Seasonally Adjusted

Quebec Region Housing Forecast - New Construction

	Housing Starts	2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2008	YTD 2007	% chg (2007/2008)
Gatineau	Single-Detached	1,120	850	-24.1	800	-5.9	1,120	1,037	8.0
	Multiple	2,184	1,850	-15.3	1,800	-2.7	2,184	1,751	24.7
	Total	3,304	2,700	-18.3	2,600	-3.7	3,304	2,788	18.5
Montréal	Single-Detached	6,602	5,750	-12.9	5,150	-10.4	6,602	8,013	-17.6
	Multiple	15,325	13,150	-14.2	12,550	-4.6	15,325	15,220	0.7
	Total	21,927	18,900	-13.8	17,700	-6.3	21,927	23,233	-5.6
Québec	Single-Detached	2,031	1,828	-10.0	1,554	-15.0	2,031	2,144	-5.3
	Multiple	3,426	2,795	-18.4	2,596	-7.1	3,426	3,140	9.1
	Total	5,457	4,623	-15.3	4,150	-10.2	5,457	5,284	3.3
Saguenay	Single-Detached	400	290	-27.5	300	3.4	400	373	7.2
	Multiple	469	335	-28.6	240	-28.4	469	312	50.3
	Total	869	625	-28.1	540	-13.6	869	685	26.9
Sherbrooke	Single-Detached	802	600	-25.2	625	4.2	802	666	20.4
	Multiple	825	700	-15.2	550	-21.4	825	652	26.5
	Total	1,627	1,300	-20.1	1,175	-9.6	1,627	1,318	23.4
Trois Rivières	Single-Detached	373	340	-8.8	310	-8.8	373	430	-13.3
	Multiple	775	610	-21.3	490	-19.7	775	767	1.0
	Total	1,148	950	-17.2	800	-15.8	1,148	1,197	-4.1
Quebec	Single-Detached	19,778	17,000	-14.0	16,500	-2.9	19,778	22,177	-10.8
	Multiple	28,123	23,700	-15.7	24,000	1.3	28,123	26,376	6.6
	Total	47,901	40,700	-15.0	40,500	-0.5	47,901	48,553	-1.3
Canada	Single-Detached	93,202	74,825	-19.7	76,600	2.4	93,202	118,917	-21.6
	Multiple	117,854	85,425	-27.5	86,750	1.6	117,854	109,426	7.7
	Total	211,056	160,250	-24.1	163,350	1.9	211,056	228,343	-7.6

Source: CMHC (Starts and Completions Survey)

(F) = CMHC Forecast

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

Quebec Region Housing Forecast - Resale Market[2]

		2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2008	YTD 2007	% chg (2007/2008)
Gatineau	MLS® Sales	4,203	3,800	-9.6	3,700	-2.6	3,582	3,749	-4.5
	MLS® Avg. Price[1]	194,873	196,000	0.6	198,000	1.0	194,930	185,913	4.9
Montreal	MLS® Sales	40,440	38,500	-4.8	40,500	5.2	25,149	26,123	-3.7
	MLS® Avg. Price[1]	258,028	255,000	-1.2	253,000	-0.8	262,471	248,140	5.8
Quebec	MLS® Sales	7,846	7,297	-7.0	7,662	5.0	2,039	2,266	-10.0
	MLS® Avg. Price[1]	198,835	204,800	3.0	210,944	3.0	187,876	170,582	10.1
Saguenay	MLS® Sales	1,490	1,350	-9.4	1,400	3.7	311	349	-10.9
	MLS® Avg. Price[1]	146,473	152,000	3.8	157,000	3.3	145,297	130,599	11.3
Sherbrooke	MLS® Sales	1,774	1,580	-10.9	1,595	0.9	1,109	1,506	-26.4
	MLS® Avg. Price[1]	188,412	190,300	1.0	192,200	1.0	180,844	182,011	-0.6
Trois Rivieres	MLS® Sales	799	760	-4.9	750	-1.3	224	260	-13.8
	MLS® Avg. Price[1]	141,610	146,000	3.1	150,000	2.7	132,464	122,295	8.3
Quebec	MLS® Sales	79,402	73,000	-8.1	80,000	9.6	79,402	83,453	-4.9
	MLS® Avg. Price[1]	210,775	207,000	-1.8	208,000	0.5	210,775	202,895	3.9
Canada[2]	MLS® Sales	433,990	370,500	-14.6	405,000	9.3	433,985	523,307	-17.1
	MLS® Avg. Price[1]	303,607	287,900	-5.2	288,100	0.1	303,609	305,864	-0.7

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[1]For the average MLS® price, the figure for the CMAs corresponds to the trend for the last four quarters, except in the case of Montréal. Also, the figure corresponds to the average price of freehold homes in the case of Montréal, Saguenay and Trois-Rivières and to the average price of all homes in the case of Gatineau, Quebec and Sherbrooke.

Source: CREA, Local Real Estate Boards

(F) = CMHC Forecast YTD (January-August)

*Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

[2]Canada total excludes the territories

Quebec Region Housing Forecast - Rental Market

	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2008	Oct 2009(F)	Oct 2008	Oct 2009(F)
Gatineau	1.9	2.5	677	690
Montréal	2.4	2.0	659	668
Québec	0.6	0.6	653	663
Saguenay	1.6	2.3	518	530
Sherbrooke	2.8	2.8	543	555
Trois Rivières	1.7	2.0	505	515
Canada	2.3	2.1	s.o.	s.o

Source: CMHC Fall Rental Market Survey
(F) = CMHC Forecast
As a result of a change in methodology, the vacancy rate forecasts for 2008 reflect conventional dwellings exclusively, whereas the 2007 vacancy rates include seniors residences in apartments.
[1] All centres 100,000+

Quebec Region - Housing Forecast Ranges

	2009			2010		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
Quebec						
Housing Starts	40,700	45,500	36,000	40,500	44000	35000
Multiple	23,700	26,500	21,000	24,000	25500	20500
Single	17,000	19,000	15,000	16,500	18500	14500
MLS® Sales	73,000	75,000	67,500	80,000	82000	71000
MLS® Average Price ($)	207,000	215,000	194,000	208,000	220000	200000
Canada						
Housing Starts	160,250	180,000	141,000	163,350	180,000	143,000
Multiple	85,425	96,200	75,200	86,750	95,400	74,400
Single	74,825	83,800	65,800	76,600	84,600	68,600
MLS® Sales	370,500	395,000	344,000	405,000	420,000	360,000
MLS® Average Price ($)	287,900	305,000	270,000	288,100	310,000	270,000

Source: CMHC.

CMHC—HOME TO CANADIANS

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Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable homes – homes that will continue to create vibrant and healthy communities and cities across the country.

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